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A N N U A L

R E P O R T

Co-operative Federation of Victoria Inc.
225 Swanston Street
MELBOURNE. 2000

Phone: (02) 663 1674.

CO-OPERATIVE FEDERATION OF VICTORIA LTD.

BOARD OF DIRECTORS

as at

30TH JUNE 1984

	<u>Name</u>	<u>Co-operative of which a Delegate</u>
Chairman:	J. Niel Black	Victorian Artificial Breeders Co-operative Ltd.,
Vice Chairman:	Owen J. Slattery	Phosphate Co-operative Company of Australia Ltd.
Directors:	Ron D. Harper	Hodja Educational Resources Co-operative Ltd.
	Ted J. Long	Y.C.W. Co-operative Ltd.
	Brian H. Macintosh	Morwell Co-operative Ltd.
	Jack Mitchell	Co-operative Insurance Company of Australia Ltd.
	Jim Rigby	Murray Goulburn Co-operative Ltd.
	Max Rundle	Security Co-operative Permanent Building Society Ltd.
	Maurice Sevier	Victorian Credit Co-operative Assocn. Ltd.
	Ian Symons	Warrnambool Co-operative Ltd.
Secretary/ Executive Officer:	William W. Rawlinson	
Auditor:	Thompson Douglass & Co.	
Solicitor:	Mahoney & Galvin	

Registered Office:

225 Swanston Street,
MELBOURNE, Victoria, 3000.

Phone: (03) 663 1674.

REPORT FROM BOARD OF DIRECTORS

In this first full year of operation as an incorporated body, with our own professional staff, much activity has been generated by our Board and Committees to consolidate the role of the Federation as the umbrella Co-operative organisation in Victoria, to develop services for members and potential members, to act as the Co-operative medium for communication with Governments and to promote and protect the Co-operative image in the community.

HONOUR FOR BOARD MEMBER

The end of the financial year saw public recognition given to a foundation director and a person who has worked tirelessly towards bringing the Federation into existence as well as developing a wide range of Co-operative services in the State and representing Co-operatives on Government Councils and Co-operative legislative development committees. The Board was pleased to join the public congratulations to Ted Long when the Award of the Medal of the Order of Australia to him was announced in the Queen's Birthday Honours List in June 1984.

THE BOARD

The Board met on nine occasions during the year. In that time Mr. Ron Harper, delegate of the Hodja Educational Resources Co-operative Ltd. was appointed to fill the casual vacancy created by the resignation of Mr. Gill; Mr. Maurice Seviar replaced Mr. Dash as delegate of the Victorian Credit Co-operative Association and succeeded him to the vacancy created by Mr. Dash's resignation from the Board. Mr. Symons, delegate of Warrnambool Co-operative Society, was appointed to the Board to fill the casual vacancy created by the resignation of Mr. Simm.

Mr. Black was re-elected to the Board at the 1983 Annual General Meeting and re-elected Chairman of the Board at the next succeeding Board Meeting. Mr. Owen Slattery was elected Vice Chairman.

MEMBERSHIP

During the year, 10 Co-operatives applied for qualifying shares in membership of the Federation, one of these was received after the June 1984 Board Meeting for consideration at the first Board meeting in the ensuing financial year.

Of the 53 members, 3 were unfinancial at the close of the financial year.

A list of current members is appended to this report.

STAFF

Following his appointment as Executive Officer of the Federation, at the beginning of the year under review, Mr. Rawlinson continued to serve the Federation in that capacity throughout the year.

With the termination of Government funding to service the Business Advisor Unit of the Employment Co-operative Development Programme within the Federation, Mr. Brian Greer's appointment as Business Adviser was regrettably terminated on 31st August 1983. An unsuccessful appeal against this decision was made by the Federation to the Minister Employment and Training administering the Programme.

Mrs. Anne Loban continued throughout the year in the capacity of Secretary/Office Manager in the Federation's office.

FINANCE

No change in the rate of subscription was introduced in the year under review despite rising costs and reduced Government financial support from funding the Business Advisory Service and common services shared by it and other Federation operations. As indicated in last year's annual report, the budget provided for use of reserve funds to meet an anticipated deficit. As a result of prudent management the deficit at the end of the year was lower, by 66%, than that budgeted.

LEGISLATION

The Legislation Committee met three times during the year to consider -

- . Matters in the Co-operation Act 1981 inhibiting non Credit Co-operative members of the Federation from using the resources of the Central Banking Scheme of the Victorian Credit Co-operative Association.
- . Appointment of directors with special qualifications to Co-operative Boards.
- . Co-operative share values and asset backing and effect of inflation.
- . Equity entitlement of new and old members in established Co-operatives.
- . Recommendations to the Board on formal submission to Ministerial Advisory Committee including re-submission of requests for amendments to the Co-operation Act previously submitted.

EDUCATION

Directors

Two Director training seminars were planned and fully subscribed during the year. One was completed and the second one held in the first weeks of the ensuing financial year.

Co-operatives in Schools and T.A.F.E. Colleges

One student/teacher non incorporated Co-operative was active in a high school during the year.

The research project to develop a prototype Co-operative for adoption in T.A.F.E. Colleges was still underway but incomplete by the end of the financial year.

Overseas

The Federation arranged for six Co-operative Directors and officials (one from Victoria, five from Western Australia) to participate in the American Institute of Co-operation 1984 Summer Institute on the campus of Montana State University, U.S.A.

The Federation also arranged for one Board member to undertake studies of a sophisticated retail consumer and community service co-operative in Japan during a visit to that country.

Other

Both the Chairman and Executive Officer have lectured on matters co-operative to colleges in country and metropolitan Victoria, the latter in connection with the revised education support services for the Employment Co-operative Development Programme.

GOVERNMENT

Messrs. Long and Rawlinson continued as Minister-appointed Federation representatives on the Co-operative Societies Advisory Council during the year.

As reported in the qualifying statement in the Statutory Report of the Directors, appended to last year's accounts and report, the arrangement between the Ministry of Employment and Training, administering the Victorian Government's Employment Co-operative Development Programme, and the Federation terminated at 31st August 1983. The Federation continues to be represented on the Funding Committee of the Ministry which considers applications for funding of groups operating as potential Worker Co-operatives.

The Victorian Government has given the lead to all other Australian Governments in its positive demonstration of commitment to the development of the Co-operative sector.

One aspect of this policy has been the establishment of a Ministerial Advisory Committee on Co-operation which our Executive Officer was invited to join. This Committee is an extension of the Co-operative Legislative Review Committee.

By the end of the financial year the Committee had issued an Information Paper which sought to identify issues confronting Co-operatives and invited public response. A public seminar on Co-operatives was organised and attended by about 600 people.

The Federation has made a formal submission to the Ministerial Committee in response to the Information Paper. Copies of this submission are available for members on request.

In the first eight weeks of the new financial year the consultation process will be continued by various members of the Committee supported by research and secretarial staff from the Ministry meeting as many Co-operative representatives as possible and receiving their submissions to incorporate in its report to Government.

The Committee representatives and the sections of the Co-operative Movement with which each will liaise are -

Barry Pullen, M.L.C.	Community Co-operatives
David Dinning (Victorian Credit Co-operative Assocn.)	Consumer Co-operatives (including Credit, Housing)
David Griffiths (Ministry Employment & Training)	Worker/Industrial Co-operatives
Bill Rawlinson (Co-operative Federation Victoria)	Trading/Producer/Marketing Co-operatives

Another aspect of this Government policy, relating to the Co-operative sector, has been the commissioning of a review of the financial institutions administered by the Minister administering the Co-operation Act. These are

Building Societies
Credit Societies
Co-operative Housing Societies
Industrial and Provident Societies

The report resulting from this review has been issued and is currently the subject of debate by financial Co-operatives. Its thrust was directed to loosening the regulations on such Co-operatives to enable them to be more competitive in the market, to maintain the benefit of the marketing initiatives shown over the past 20 years, in the now de-regulated banking world.

The Victorian Government's commitment to growth outlined in its publication 'Economic Strategy for Victoria' has raised one proposal with which the Federation takes issue. That is in the area of seeking to develop a secondary market for purchase and sale of non-listed company shares including producer co-operative shares.

The attention of the Treasurer has been drawn to the Federation's concern on this matter. By the end of the financial year an invitation had been received for the Federation to meet with representatives of

Treasury
Corporate Affairs Commission
Melbourne Stock Exchange

to resolve the matter

SERVICES

In addition to consultative and advisory services through attendance at Board meetings and other visits to Co-operatives, as well as introductory information on Co-operatives to numerous enquiry groups and individuals the Federation has, during the year, considered other specific areas of cost saving service to member Co-operatives and income producing services to meet operating costs of the Federation.

CENTRAL BANKING

Following the promotion and acceptance of the concept of this service at the 1983 Conference, detailed studies of alternative ways of achieving this objective have been under way with the assistance of some Co-operatives in making available information on their banking operations. The alternatives under consideration have been -

- (a) A Federation operated scheme using the services of one commercial bank along the lines practised by the Co-operative Federation of New South Wales;
- (b) using the Victorian Credit Co-operative Association as the financial institution for non-credit co-operatives.

Whilst the studies are advanced they have not reached finality to enable promotion to commence.

Insurance and Central Accounting

Published co-operative statistics show over one thousand community advancement Co-operatives are registered. To date about six hundred of these along with existing members of the Federation have been addressed inviting information to develop a group insurance scheme and use of the Federation as a central accounting service. The response has not been encouraging.

Bulk Fuel Purchasing

Having provided advice to one non-member Co-operative, resulting in a saving of over \$50,000 per annum on fuel costs, the Federation closely studied a proposal to establish a central buying scheme for fuel. After negotiations with major oil companies and member Co-operatives the Board assessed the proposition to be currently impracticable.

Superannuation

At the close of the year the Board is considering a national superannuation scheme for Co-operative employees and members.

CO-OPERATIVE FEDERATION OF AUSTRALIA

Your Board's representatives on the national Council are -

Mr. J. N. Black (with alternate Mr. O. J. Slattery

Mr. B. H. Macintosh (with alternate Mr. E. J. Long)

Mr. Macintosh is a member of the national Executive Committee.

Mr. Slattery is a member of the C.F.A. Committee investigating the development of a Co-operative Bank for Australia.

During the year meetings of the Council were held in Sydney and Melbourne and one meeting of the Executive Committee was held in Perth.

State Federation Executive Officers have also met as a group on two occasions during the year. All State Federation Executive Officers attended the Victorian Government organised Co-operatives Seminar in Melbourne in June 1984.

CONCLUSION

The Federation has the statutory authority and the structure to provide co-ordinated services for all Co-operative in Victoria and to administer Government programmes for Co-operatives in Victoria. The achievement of full ability to perform such roles rests firmly on the tangible support of its Co-operative membership and input into policy development.

The Board welcomes your support at this Conference and looks forward to your increased involvement in affairs Co-operative in the future.

J. N. BLACK,
Chairman.

CO-OPERATIVE FEDERATION OF VICTORIA LTD.

MEMBERS AS AT 30TH JUNE 1984

Abalone Fishermen's Co-operative Ltd.
Apollo Bay Fishermen's Co-operative Ltd.
Associated Herd Improvement Co-operative Ltd.
Australian Footwear Retailers Co-operative Ltd.
Ballarat Employment Co-operative Ltd.
Bendigo Trading Co-operative Ltd.
Central Gippsland Herd Improvement Co-operative Ltd.
Cobden Artificial Breeders Co-operative Ltd.
Colac Herd Improvement Co-operative Ltd.
Community Work Society Co-operative Ltd.
Co-operative Insurance Co. of Australia (Victoria) Ltd.
Correct Line Graphics Co-operative Ltd.
Emerald and District Co-operative Ltd.
Gippsland Tip Truck Hiring Co-operative Ltd.
Goulburn Valley Herd Improvement Co-operative Ltd.
Goldfields Community Radio Co-operative Ltd.
Hodja Educational Resources Co-operative Ltd.
Housing Societies of Victoria, Federation of
Ibis Milk Products Ltd.
Lakes Entrance Fishermen's Co-operative Ltd.
Maryborough Bootstrap Trading Co-operative Ltd.
Mitta & Kiewa Valleys Artificial Breeders Co-operative Ltd.
Morwell Co-operative Ltd.
Mullawingee Jojoba Co-operative Ltd.
Murray Goulburn Co-operative Ltd.
Murrabit Advancement Co-operative Ltd.
North Eastern Co-operative Ltd.
Northern Herd Development Co-operative Ltd.
Numurkah East Goulburn Herd Improvement Co-operative Ltd.
Orbost Artificial Breeders Co-operative Ltd.
Pea Growers Co-operative Ltd.
Phosphate Co-operative Company of Australia Ltd.
Public Images Co-operative
Robinvale Producers Co-operative Ltd.

Rochester Herd Improvement Co-operative Ltd.
San Remo Fishermen's Co-operative Ltd.
Security Co-operative Permanent Building Society Ltd.
South Gippsland Artificial Breeders Co-operative Ltd.
Terang and District Co-operative Ltd.
Timboon Herd Improvement Co-operative Ltd.
Toora and District Artificial Breeders Co-operative Ltd.
Upper Murray Artificial Breeders Co-operative Ltd.
Victorian Artificial Breeders Co-operative Ltd.
Victorian Credit Co-operative Association Ltd.
Victorian Producers Co-operative Ltd.
Warrandyte Community Workshop Co-operative Ltd.
Warrnambool Co-operative Ltd.
Waverley Trading Co-operative Ltd.
Western Herd Improvement Co-operative Ltd.
West Gippsland Herd Improvement Co-operative Ltd.
Wholefoods Co-operative Ltd.
Yinnar Artificial Breeders Co-operative
Yinnar Community Hotel Co-operative Ltd.
Y.C.W. Co-operative Ltd.

CO-OPERATIVE FEDERATION OF VICTORIA LTD.

A C C O U N T S

AND

FINANCIAL REPORTS

for

YEAR ENDING

30TH JUNE, 1984

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1984

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the accounts are set out below. Unless otherwise stated the same accounting policies were used in the previous year.

The accompanying accounts have been prepared -

- (i) on a going concern basis; and
- (ii) under the historical cost convention, whereby the amounts in the accounts are not adjusted to record changes in the purchasing power of money.

(a) Depreciation

The cost of each item of plant, vehicles and equipment is being written off over its expected economic life. Depreciation is calculated on the Diminishing Value Method at the rates specified by the Directors as being appropriate.

(b) Bad and Doubtful Debts

All bad debts actually incurred are written off as they arise and provision is made for any debts considered to be doubtful.

THE CO-OPERATIVE FEDERATION OF VICTORIA
 EDUCATION CO-OPERATIVE DEVELOPMENT PROGRAM
 FOR THE PERIOD ENDING 31 AUGUST 1983

	1984 \$	1983 \$
INCOME:		
Government Grants Ministry of Employment & Training	-	81300
Interest	-	1301
Services	-	10
	<u>Nil</u>	<u>82611</u>
EXPENDITURE		
Audit	375	300
Car Allowance	337	4553
Consultancy Costs	-	14671
Depreciation	143	624
Insurance	45	489
Management	800	5000
Postages	13	390
Printing & Stationery	154	1757
Publications	-	520
Rent	130	579
Salaries & Wages	3362	38520
Sundry Expenses	408	476
Telephone	262	1254
Travel	-	783
	<u>6029</u>	<u>69916</u>
Net Surplus (Deficit)	<u>(6029)</u>	<u>12695</u>

MEMBERS' ACCUMULATED FUNDS

Balance 1 July 1983	14847	3080
Plus Surplus - Operating	-	1766
- Consulting	(6029)	10929
Capital Grant	-	2300
Less: Ex Gratia Payment: Sarlin	(999)	-
Transfer to Education & Training Unit	(5253)	(3228)
Refund to Ministry of Employment & Training	(2566)	-
	<u>-</u>	<u>14847</u>

THE CO-OPERATIVE FEDERATION OF VICTORIA

INCOME AND EXPENDITURE STATEMENT FOR YEAR ENDED 30 JUNE, 1984

	1984 \$	1983 \$
INCOME:		
Subscriptions	30620	29540
Government Grants:-		
Co-operative Societies Advisory Council	2500	2500
Ministry of Employment and Training		
- Operating	-	55700
- Consultancy	-	25600
Services	4119	7909
Interest	<u>3623</u>	<u>4322</u>
	40862	125571
EXPENDITURE:		
Audit	475	600
Bank Charges	127	-
Car Expenses	3695	4553
Consultancy Costs	-	14671
Depreciation	943	1104
Insurance	609	573
Management	-	5000
Postages	888	1071
Printing and Stationery	1282	3630
Provision for Doubtful Debts	150	1000
Publications	439	975
Publicity	763	-
Rent	1284	1057
Salaries and Wages	28472	47494
Subscriptions	2000	19000
Sundry Expenses	783	983
Telephone	1294	2000
Travel	<u>2089</u>	<u>3507</u>
	45293	107218
Net Surplus (Deficit)	<u>(4431)</u>	<u>18353</u>

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

BALANCE SHEET AS AT 30 JUNE 1984

	1984 \$	1983 \$
MEMBERS' FUNDS		
Share Capital:		
Issued and Fully Paid	<u>530</u>	<u>430</u>
MEMBERS' ACCUMULATED FUNDS		
Balance 1 July 1983	25341	22763
Plus Surplus - Operating	-	7424
- Consulting	-	10929
Less Deficit	(4431)	-
Transfer from E.C.D.P. Operations	5253	-
Transfer to Education & Training Unit	-	(3228)
E.C.D.P. Grant Surplus	<u>-</u>	<u>2300</u>
	26163	40188
	<u>26693</u>	<u>40618</u>
Represented by -		
CURRENT ASSETS		
Cash at Bank & on hand	725	802
Security P.B.S.	4417	2573
Sundry Debtors	150	1000
Provision for Doubtful Debts	(150)	(1000)
Prepayments	<u>-</u>	<u>325</u>
	5142	3700
DEPOSITS		
Security P.B.S.		
N.O.W. Deposit	<u>23231</u>	<u>34335</u>
FIXED ASSETS		
Furniture (Cost Less Depreciation)	<u>4597</u>	<u>5683</u>
TOTAL ASSETS	32970	43718
LIABILITIES		
Accrued Charges	5337	-
Creditors -	400	3100
Subscriptions in Advance	<u>540</u>	<u>-</u>
	6277	3100
TOTAL NET ASSETS	<u>26693</u>	<u>40618</u>

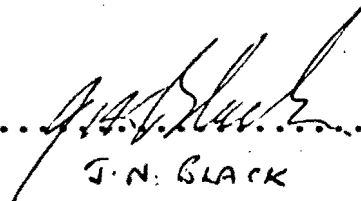

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

STATEMENTS ACCOMPANYING THE ACCOUNTS FOR THE YEAR ENDED
30 JUNE, 1984

STATEMENT BY DIRECTORS.

In the opinion of the Directors the accompanying Balance Sheet is drawn up so as to give a true and fair view of the state of affairs of the Co-Operative at the end of the financial year, and the accompanying Profit and Loss Account is drawn up so as to give a true and fair view of the results of the Co-Operative for the financial year.

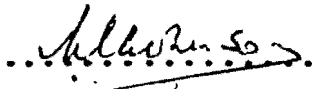
Signed at MELBOURNE this 14th day of August 1984.
in accordance with a resolution of the Directors..

.......... Director..... Director
J.N. BLACK M. RUNDLE

STATEMENT PURSUANT TO SECTION 130 (1) OF THE CO-OPERATION ACT.

To the best of my knowledge and belief the accompanying Accounts give a true and fair view of the matters required by Section 130 of the Co-Operation Act of the State of Victoria to be dealt with therein.

Signed at MELBOURNE this 14th day of August 1984.

..........
(William W. Rawlinson)

AUDITORS' REPORT

TO THE MEMBERS OF CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

In my opinion:

- (a) I have obtained all the information and explanations required.
- (b) The accompanying Accounts, being the Balance Sheet and Profit and Loss Account and the notes thereon, which have been prepared under the accounting policies as stated in the notes to the Accounts and except where otherwise indicated on a going concern basis and under the historical cost convention, are properly drawn up in accordance with the provisions of the Co-Operation Act, 1981 and so as to give a true and fair view of:-
 - (i) the state of affairs of the Co-Operative at 30 June, 1984 and of the results of the Co-Operative for the financial year ended on that date;
 - and
 - (ii) the other matters required by Section 130 of that Act to be dealt with in the Accounts.
- (c) The accounting records and other records, and the registers required by that Act to be kept by the Co-Operative have been properly kept in accordance with the provisions of that Act.

JOHN S. WALKER

PARTNER
THOMPSON DOUGLASS & CO.
CHARTERED ACCOUNTANTS

MELBOURNE

B. J. Hyatt 1984

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

STATUTORY REPORT OF THE DIRECTORS

This report is submitted to members in accordance with Section 131(1) of Co-operation Act 1981.

DIRECTORS IN OFFICE AT 30 JUNE, 1984

J.N. Black (Chairman)	B.H. Macintosh	M. Rundle
E.J. Long	J. Mitchell	O.J. Slattery
I. Symons	J.F. Rigby	R. Harper
M. Sevier		

PRINCIPAL ACTIVITIES OF THE FEDERATION

The principal activities of the Federation during the year ended 30 June 1984, have been the provision of consultancy, educational and advisory services in conformity with the registered objects of

- (a) Promotion of Co-operation for improvement of conditions of rural or urban life and encouraging and assisting in the formation of Co-Operatives.
- (b) Providing courses of education and training in all aspects of Co-operative philosophy and business practice.
- (c) Representing the best interests of Co-operatives in their relationship with all branches of government.
- (d) Furthering an understanding of Co-operatives by the general public and fostering a climate for Co-operative growth.
- (e) Administering Business Advisory Unit of Victorian Government funded Employment Co-operative Development Programme.

NET FINANCIAL RESULT

The net amount of deficit from the operations of the Federation during the financial year ending 30 June 1984 after providing for income tax of nil was \$4431. During the year the Education Co-operative Development Program was finalised and the net monies remaining of \$2566 were returned to the Ministry of Employment and Training.

TRANSFER TO RESERVES

During the financial year the following transfers were made to the reserves and provisions listed -

Provision for Doubtful Debts	\$ 150
Transfer from Education and Training Unit (Employment Co-operative Development Programme)	\$5,253

TRANSFER TO RESERVES (Continued)

No other material amounts have been transferred to or from reserves or provisions during the year; apart from movement in provisions relating to amounts set aside for such items as depreciation and long service leave less payments and charges for expenditure actually incurred.

SHARE CAPITAL ISSUED

The Federation issued 50 shares of \$2.00 each fully paid during the financial year.

There were no issues of debentures by the Federation during the financial year.

DIVIDENDS

No dividend has been paid or is proposed to be paid by the Federation.

BAD AND DOUBTFUL DEBTS

The Directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain action taken in relation to writing off bad debts and made adequate provision for doubtful debts. At the date of this report the Directors are not aware of any circumstances that would render the amount of provision for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

The Directors (before the profit and loss account and balance sheet were made out) took reasonable steps to ascertain that all current assets of the Federation were shown in the accounting records of the Federation at a value equal to or below the value that would be expected to be realised in the ordinary course of business.

At the date of this Report, the Directors are unaware of any circumstances which would render the values attributed to current assets in the accounts misleading.

CHARGES AND CONTINGENT LIABILITIES

At the date of this report

- (i) No charge on the assets of the Federation exists, which has arisen since the end of the financial year and secures the liability of any other person.
- (ii) No contingent liability has arisen since the end of the financial year.

CHARGES AND CONTINGENT LIABILITIES (Continued)

No contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve months after the end of the financial year which is in the opinion of the Directors, will or may substantially affect the ability of the Federation to meet its obligations when they fall due.

SHARE OPTIONS

No options over shares in the Federation have ever been granted.

MATERIAL AND UNUSUAL ITEMS AND EVENTS

At the date of this Report, the Directors are unaware of any circumstances not otherwise dealt with in the Report or accounts which would render any amount stated in the accounts misleading.

In the opinion of the Directors the results of the Federation's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature. Since the end of the financial year and to the date of this report, in the opinion of the Directors, no item transaction or event of a material and unusual nature, which would affect substantially the results of the Federations operations for the next financial year, has occurred.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive any benefit by reason of a contract made by the Federation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Signed at Melbourne this 14th day of AUGUST 1984
in accordance with a resolution of the Directors.

.....DirectorDirector

J. N. BLACK

M. RUNDLE

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INTERNATIONALLY RECOGNISED PRINCIPLES OF CO-OPERATION

1. Open and Voluntary Membership

Membership of a co-operative should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities.

2. Democratic Control

Co-operatives are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary co-operatives should enjoy rights of voting (one member, one vote) and participation in decisions affecting their co-operatives. In other than primary co-operatives the administration should be conducted on a democratic basis in a suitable form.

3. Limited Interest on Shares

Share capital being service capital should only receive a strictly limited rate of interest, if any.

4. Return of Surplus to Members

Surplus or savings, if any, arising out of the operations of a co-operative belong to the members of that co-operative and should be distributed in such manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- (a) by provision for development of the business of the co-operative;
- (b) by provision of common services; or
- (c) by distribution among the members in proportion to transactions with the co-operative.

5. Co-operative Education

All Co-operatives should make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic.

6. Co-operation among Co-operatives

All co-operative organisations, in order to best serve the interest of their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.

VALUE OF CO-OPERATIVE PHILOSOPHY

Adherence to these principles, in addition to maintaining normal business efficiency standards provides a competitive social and economic edge which all Co-operatives should recognise and which they should promote.

Ownership

Co-operatives are owned by the user members who are usually local residents and not interstate or international foreign investors.

Control

Co-operative policies are set by their Board of Directors who are elected by their user members and not by investing shareholders.

Voting

Co-operatives operate basically on voting related to membership rather than one vote per share.

Profit Distribution

Belongs to members in proportion to each one's patronage, so stays in the local community as opposed to distribution to foreign investing shareholders related to the extent of their investment or number of shares held.

Vulnerability to take-over

Co-operative shares are only transferable with the authority of the Board whereas non Co-operative shares are bought and sold on Stock Exchanges leaving a company open to take-over in certain circumstances.